SOLO OIL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2012

Company number 05542880

Solo Oil Plc ("Solo" or "the Company") is an England and Wales incorporated registered and domiciled company which is quoted on AIM. Its principal activities are to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

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Chairman's Statement

I am pleased to present the Chairman's report for the year ended 30 June 2012, a year in which we made a significant gas discovery in East Africa. The year has seen good progress in our two existing assets, in Tanzania and SW Ontario. That work has been successfully continued through to the date of this report.

Investments

The Company has continued to pursue its investment strategy, as approved by the shareholders in 2009, to develop a diverse portfolio of exploration, development and production interests.

During the financial year to June 2012 we have focussed on advancing the investment in the Ruvuma Petroleum Sharing Agreement ("PSA") in Tanzania and on our investment in SW Ontario, Canada with Reef Resources Limited ("Reef"). Substantial progress has been made in both these investments and at the date of this report we have increased our interests in the Ruvuma to 25% and have secured an agreement to increase Solo's working interest from the current 28.56% to at least 38.1% in the properties owned and operated by Reef.

The Board is broadly satisfied with the progress of these investments and has also sanctioned further effort to research and evaluate additional investment opportunities in East Africa, North America and in Latin America. Several opportunities are under evaluation; predominately in Africa and focussed on exploration.

The most significant highlights for the year to 30 June 2012 were:

- Discovery of gas in the Ntorya-1 well in Tanzania
- Increasing Solo's participating interest in the Ruvuma PSA to 25%
- Successful testing of Ntorya-1 at 20.1 mmscfd and 139 bpd of condensate through a 1" choke
- Discovery of gas at the Airport North #1 well adjacent to the Ausable Field in Ontario
- Commencement of gas injection into the Ausable reef to provide long-term pressure support

Ruvuma PSA

In late June 2010 Solo exercised its option to obtain a direct 12.5% working interest in the Ruvuma PSA in Tanzania following the drilling of the Likonde-1 well. The Ruvuma PSA lies in the south-east of Tanzania and at that time covered approximately 12,360 square kilometres with some 10% of this area offshore and the balance onshore. Within the Ruvuma PSA there are two separate licence area known as Lindi in the north and Mtwara in the south. Mtwara is contiguous with the Mozambique border and both Licence areas run to the coast in Tanzania.

The Likonde-1 well was drilled in the Lindi Block to a total depth of 3,647 metres and was plugged and abandoned after discovery of a 250 metre gross interval of sands with residual oil shows and reaching a gas zone close to total depth. Having confirmed the presence of a working hydrocarbon play system, work was focussed on determining the optimum location for the drilling of the second commitment well. After reprocessing and reinterpretation of the 2D seismic data a location for a well was selected approximately 14 kilometres south of Likonde-1 at Ntorya.

The Ntorya-1 well was drilled between the 22 December 2011 and 30 April 2012. The well was drilled in several stages to a final total depth of 3,150 metres. The rig was then released and a gas zone between 2,663 and 2,688 metres was tested in June. Flow testing was carried out on a 3.5 metres zone at the top of the gross 25 metre gas bearing interval. Testing was conducted over several flow periods and pressure build-ups and produced a maximum flow rate of 20.1 million cubic feet per day (mmscfd) and 139 barrels per day (bpd) of 53 degree API condensate through a 1" choke. Following the completion of the test sequence, the well was suspended as a discovery for subsequent production or additional testing.

Prior to the drilling of Ntorya-1, Tullow Oil plc ("Tullow") had re-assigned a 25% working interest in the Ruvuma PSA to Aminex plc ("Aminex") and Solo in proportion to their existing interests. Aminex assumed the role of operator during the drilling of the Ntorya-1 well and at a depth of 2,500 metres Tullow elected to withdraw from the Ruvuma PSA and to assign the balance of their interests to the partners. As a result Solo now holds a 25% interest and Aminex the balance of 75% in the entire Ruvuma PSA including the gas-condensate discovery, which was made below 2,500 metres.

During the drilling of the Ntorya-1 well Solo and Aminex elected to enter the 1st Extension Period of the Ruvuma PSA. This required the relinquishment of 50% of the original surface area which is now reduced to 6,079 square kilometres. No offshore areas were relinquished and the remaining area still adjoins the Mozambique border in the south. The 1st Extension Period runs until 29 October 2013 and requires the drilling of a further two exploration wells, one in each of the licence areas Lindi and Mtwara.

Following the successful testing of Ntorya-1 well an appraisal area covering approximately 780 square kilometres has been applied for around the well. This area will be subject to separate studies to establish the commerciality of the Ntorya discovery over a two year period. Given that the well lies only about 25 kilometres from the Port of Mtwara where the Chinese financed gas pipeline will terminate on its passage south from Dar es Salaam the presence of gas reserves in the Ntorya location offers considerable potential for economic development.

A resource report was prepared on the Ruvuma PSA by ISIS Consulting (“ISIS”) and published in July 2012. ISIS concluded that the Ntorya-1 well had proven gas-initially-in-place (“GIIP”) of 178 billion cubic feet (bcf) and that the probable and proven volume associated with the entire Ntoya-1 trap was a GIIP of 1.17 trillion cubic feet (tcf). Unrisked total resources of 5.75 tcf GIIP were attributable to the Ruvuma PSA and a number prospects and leads of up to 2.62 tcf GIIP were identified.

Aminex and Solo have recently agreed to acquire an additional 2D seismic programme of approximately 900 line-kilometres to better define the locations for the drilling of the two exploration wells and also a possible appraisal well on the Ntorya discovery. It is anticipated that field work will start in late 2012.

The partners have also agreed to conduct a joint farmout of their mutual interests and Aminex has appointed FirstEnergy Capital LLP to act for the partners in preparing a dataroom, marketing the farm-out and concluding terms with potential farminees. That process commenced in October and is expected to conclude in the first half of 2013.

SW Ontario

In 2010 Solo made a CDN$1.65 million participating loan to Reef in order to finance the recommencement of oil and gas production at the Ausable Field in SW Ontario. Production was restarted at Ausable #1 and Ausable #4 in late 2010 and on the 8 February 2011 Reef spudded the Ausable #5 well approximately 300 metres from the productive Ausable #1, well close to the crest of the Ausable reef.

Ausable #5 was successfully drilled to a total depth of 615 metres and electric logs and cores taken in the well demonstrated a 72 metre net oil column in the Guelph and A2 formations within carbonate reservoir facies. In July 2011 Ausable #5 was mechanically completed for production and the reservoir formations acidized to increase the production flow rates, and a beam pump was installed to test the well.

Following the successful proof of the concept for redeveloping Ausable, Solo negotiated the conversion of its existing loan and a further cash investment of CDN$850,000, to a direct 23.8% working interest in all of Reef’s Ontario properties which include a 23,500 acre 3D seismic survey, 1,800 acres of petroleum leases, five Ausable wells, Airport South #1 and all associated surface facilities. A further agreement was made such that Solo would increase its stake in the properties to 38.1%. As at the end of the reporting period Solo had increased its interest to 28.56%. Discussions are continuing with Reef as to the timing of further increases in Solo’s interest.

Attempts to produce Ausable #5 with a conventional beam pump were largely unsuccessful as the light oil became frothy and incompatible with the surface production facilities. After a review of available solutions it was determined that best available technology was to replace the conventional down-hole pump with a venturi or jet pump. This work commenced in October 2011, however, insufficient pumping capacity, limited surface filtration and down-hole waxing problems significantly delayed the process of commissioning. This lead to a re-evaluation of the surface facilities and the decision to upgrade a number of components and to add an inline heater in order to ensure fluid temperatures were sufficient to eliminate waxing. The additional equipment was fabricated in Alberta and installed at the field during 2012.

Horizontal well Ausable #2 was also worked over during August 2011 to remove an obstruction left during earlier hydraulic fracturing operations. The workover was largely successful in retrieving the majority of the fish and the bulk of the reservoir section in the well is now available for production. A venturi pump has been installed, however, consistent flow rates have so far not been successfully achieved and it is thought that clean out of the well following the workover was perhaps insufficient and that a further workover will need to be undertaken in due course to attempt to resolve this.

After discussions with Union Gas, the local gas supply utility, the metering station between the utility pipeline and the Ausable field was reversed in early April 2012 so that Ausable could buy gas to inject into the Ausable Reef. The injection of gas is a critical component of the enhanced oil recovery ("EOR") scheme as it provides the necessary pressure support for gas cycling from which increased oil and gas liquids recovery occur. Current estimates suggest that approximately 500 mmscf of gas are required to be injected into the Ausable reef to obtain pressures that will maximise oil and liquids recovery. By late August 2012 around 10% of that volume had been injected.

Well Ausable #1 was recompleted to allow simultaneously gas injection in the upper zones and the recovery of liquids from the base of the well. Flow rates, which peaked at 103 bopd on a short test period in October 2011, have however remained unstable and various problems have occurred with the down-hole venturi pump that has prevented production reaching the expected potential. This issue remains under investigation at the time of this report.

The existing Airport South #1 gas well, where 57 metres of net pay were logged, was re-entered and completed for wet gas production. A short pipeline was laid between Airport South #1 and the Ausable facility so that produced gas from the well could be injected into the Ausable reservoir. At the time of this report the Airport South #1 well was flowing gas, although the flow rate has yet to be established.

On the 29 December 2011 a well, Airport North #1, was spudded at the Airport North reef in order to test that feature for gas or liquids production. The well was successfully drilled to 609 metres in late March 2012 and electric logging indicated the presence of 63 metres of net gas pay. The well was completed for future production and will be tied in to the Airport South pipeline in due course.

Reef has conducted a resource evaluation through Deloitte & Touche LLP ("AJM Deloitte") and in October 2012 reported proven plus probable reserves net to Reef of 348,700 barrels oil equivalent (139,480 boe net to Solo's interest). Reef has indicated that this is an 85% increase over the July 2011 position. This estimate does not include production from the intended EOR scheme, but is limited to the primary production from the Ausable and Airport pools. An estimate of the most likely in place hydrocarbons provided by AJM Deloitte of 7,836,000 barrels is in line with earlier estimates published following a study in 2011.

Reef's independent reserves assessments are performed to the established Canadian Oil and Gas Evaluation Handbook standards. Solo is currently engaged in making a separate assessment of the potential reserves and will include the gas cycling EOR scheme.

Oil and gas liquids production from Ausable has continued intermittently through the reporting period, however, production has so far not approached the levels that were expected at this stage in the project. A full technical re-evaluation of the project is being undertaken by Solo at the time of this report and various proposals are being discussed with Reef. Indications are currently that the project continues to have the potential to produce at previously expected levels.

Financial Results

The Group's loss for the year is £1.02 million (2011: £0.9 million) in which it earned sales revenue of nil (2011: £nil).

During the year the Group spent £3.6 million (2011: 0.3 million) on acquisition and enhancement of intangible assets. Amortisation of intangible assets for the year, including an impairment charge, is nil (2011: £0.1 million) and the employee and director remuneration costs totalled £231,000 (2011: £252,000).

Outlook

The Board is confident that the two investments made by the Company since it changed its investment strategy in July 2009 are both encouraging and potentially very rewarding. The Ruvuma PSA represents a very significant opportunity and will be pursued vigorously through a farm-out in 2013. We look to realise this potential over future years as well as continuing to seek further investment opportunities.

The directors would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.

David Lenigas
Executive Chairman
19 November 2012

GLOSSARY & NOTES

2D = two-dimensional
3D = three-dimensional
API = American Petroleum Institute
bbls = barrels of oil
bcf = billion cubic feet
boe = barrels of oil equivalent calculated on the basis of six thousand cubic feet of gas equals one barrel of oil
boepd = boe per day
bopd = barrels of oil per day
bpd = barrels per day
CDN$ = Canadian dollar
EOR = enhanced oil recovery
GIIP = gas initially in place
mmscf = million standard cubic feet of gas per day
mmscfd = mmscf per day
PSC = Production Sharing Contract
tcf = trillion cubic feet

All figures are net to Solo unless otherwise stated

All reserves and resources definitions used are per the Society of Petroleum Engineers' Petroleum Resources Management System unless otherwise stated.

Competent Person's statement:

The information contained in this document has been reviewed and approved by Neil Ritson, Executive Director for Solo Oil Plc. Mr Ritson is a member of the Society of Petroleum Engineers, a Fellow of the Geological Society, an Active Member of the American Association of Petroleum Geologists and has over 35 years relevant experience in the oil industry.

Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the year ended 30 June 2012.

Principal Activities
The principal activity of the Group is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Business Review and future developments
A review of the current and future development of the Group's business is given in the Chairman's Statement on pages 2 to 3.

Results and Dividends
Loss on ordinary activities of the Group after taxation amounted to £1.02 million (2011: £0.9 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators
Given the nature of the business and that the Group has recently adopted a new investing policy and is in the early stages of developing new operations, the directors are of the opinion that analysis using KPI's is not appropriate for an understanding of the development, performance or position of our businesses at this time.

Post Balance Sheet events
At the date these financial statements were approved, being 19 November 2012, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Substantial Shareholdings
At 31 October 2012 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
Barclayshare Nominees Limited	447,954,314	13.66%
TD Direct Investing Nominees (Europe) Limited	435,961,524	13.30%
HSDL Nominees Limited	322,918,493	9.85%
Investor Nominees Limited	263,174,503	8.03%
HSBC Client Holding Nominee (UK) Limited	213,020,579	6.50%
L R Nominees Limited	203,028,875	6.19%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	121,568,523	3.71%
Hargreaves Lansdown (Nominees) Limited (VRA)	107,380,761	3.28%

Directors
The names of the Directors who served during the year are set out below:

Director	Date of Appointment	Date of Resignation
Executive Directors		
David Lenigas		
Neil Ritson		
Non-Executive Directors		
Sandy Barblett		
Kiran Morzaria		26 March 2012

Directors' Remuneration
The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Director emoluments and payments made for professional services rendered are set out in Note 4 to the financial statements.

Directors' Report (continued)

Directors' Interests

The beneficial interests of the serving Directors in the shares and options of the Company during the year to 30 June 2012 were as follows

	At 30 June 2012		At 30 June 2011	
Director	Shares	Options	Shares	Options
David Lenigas	2,850,000	90,000,000	2,850,000	77,500,000
Neil Ritson	21,000,000	52,500,000	17,000,000	40,000,000
Sandy Barblett	600,000	14,250,000	600,000	11,250,000

Corporate Governance

A statement on Corporate Governance is set out on pages 9 – 10.

Environmental Responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies

The Group will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety

The Group's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Political Contributions and Charitable Donations

During the period the Group did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Statement of disclosure of information to auditors

As at the date of this report the serving directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors' in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information

Auditors

A resolution to appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

Going Concern

Notwithstanding the loss incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests and cash resources, indicate that preparation of the Group's accounts on a going concern basis is appropriate.

Directors' Report (continued)

Statement of Directors' Responsibilities
The directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

Electronic communication
The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

By order of the Board:

David Lenigas
Executive Chairman
19 November 2012

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

Board of Directors
The Board of Directors currently comprises two Executive Directors, and one Non- Executive Director. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and executive directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings
The Board meets regularly throughout the year. For the period ending 30 June 2012, the Board met 8 times (2011: 6) in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Director and management who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the Company Secretary necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees
The Board has established the following committees, each which has its own terms of reference:

Audit Committee
The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises 2 Directors, David Lenigas (Chairman) and Sandy Barblett, and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

Remuneration Committee
The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises 2 Directors, David Lenigas (Chairman) and Sandy Barblett. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. The Committee will also have regard to the terms which may be required to attract an experienced executive to join the Board from another company.

Internal controls
The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management
The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties
The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

General and economic risks
• contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
• movements in the equity and share markets in the United Kingdom and throughout the world;
• weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
• currency exchange rate fluctuations and, in particular, the relative prices of Australian Dollar, Chinese Yuan and Singapore Dollar and the UK Pound;

Corporate Governance Statement (continued)

• exposure to interest rate fluctuations; and

• adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of
repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding risk
• The Group or the companies in which it has invested may not be able to raise either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Market risk
• The ability of the Group (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Insurance
The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy
The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer Note 15.

Securities Trading
The Board has adopted a Share Dealing Code that applies to Director, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders
The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report to the Members of Solo Oil plc

We have audited the financial statements of Solo Oil Plc for the year ended 30 June 2012 which comprise the Group Statement of Comprehensive Income, the Group and Parent Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Fulton (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
19 November 2012

Financial Statements

Group Statement of Comprehensive Income for the year ended 30 June 2012

	Notes	2012	2011
		£000's	£000's
Revenue		-	-
Administrative expenses	3	(918)	(760)
Loss from operations		**(918)**	**(760)**
Impairment charge	14	-	(99)
Finance costs	6	(100)	-
Loss before taxation		**(1,018)**	**(859)**
Income tax	5	-	-
Loss for the year		**(1,018)**	**(859)**
Other comprehensive income			
Exchange differences on translation of foreign operations		-	(2)
Other comprehensive income for the year net of taxation		**-**	**(2)**
Total comprehensive income for the year attributable to equity holders of the parent		**(1,018)**	**(861)**
Loss per share (pence)			
Basic	7	**(0.04)**	**(0.04)**
Diluted	7	**(0.04)**	**(0.04)**

Group Statement of Financial Position as at 30 June 2012

	Notes	2012	2011
		£000's	£000's
Assets			
Non-current assets			
Intangible assets	**8**	8,661	3,756
Trade and other receivables	**9**	-	1,256
Total non-current assets		**8,661**	**5,012**
Current assets			
Trade and other receivables	**9**	870	445
Cash and cash equivalents		112	2,092
Total current assets		**982**	**2,537**
Total assets		**9,643**	**7,549**
Liabilities			
Current liabilities			
Trade and other payables	**10**	(1,170)	(156)
Total liabilities		**(1,170)**	**(156)**
Net assets		**8,473**	**7,393**
Equity			
Share capital	**11**	269	233
Deferred share capital	**11**	1,831	1,831
Share premium reserve		13,243	11,250
Foreign exchange reserve		143	143
Warrant reserve		33	33
Share-based payments		507	438
Retained loss		(7,553)	(6,535)
		8,473	**7,393**

The financial statements were approved by the board of directors and authorised for issue on 19 November 2012. They were signed on its behalf by ;

David Lenigas
Director

Neil Ritson
Director

Company Statement of Financial Position as at 30 June 2012

	Notes	2012 £000's	2011 £000's
Assets			
Non- current assets			
Investment in subsidiaries	**13**	-	-
Intangible asset	**8**	8,661	3,756
Trade and other receivables	**9**	-	1,256
Total non-current assets		**8,661**	**5,012**
Current assets			
Trade and other receivables	**9**	870	445
Cash and cash equivalents		112	2,091
Total current assets		**982**	**2,536**
Total assets		**9,643**	**7,548**
Liabilities			
Current liabilities			
Trade and other payables	**10**	(1,170)	(156)
Total liabilities		**(1,170)**	**(156)**
Net assets		**8.473**	**7,392**
Equity			
Share capital	**11**	269	233
Deferred share capital	**11**	1,831	1,831
Share premium		13,243	11,250
Share-based payment reserve		507	438
Warrant reserve		33	33
Retained loss		(7,410)	(6,393)
		8,473	**7,392**

The financial statements were approved by the board of directors and authorised for issue on 19 November 2012. They were signed on its behalf by ;

David Lenigas
Director

Neil Ritson
Director

Group Statement of Cash Flows for the year ended 30 June 2012

	2012	2011
	£000's	£000's
Cash outflow from operating activities		
Operating loss	(918)	(760)
Adjustments for:		
Share-based payments	69	205
(Decrease)/increase in receivables	(425)	155
Increase in payables	1,014	63
Cash used in operating activities	(260)	(337)
Income tax refund/(paid)	-	-
Net cash outflow from operating activities	**(260)**	**(337)**
Cash flows from investing activities		
Interest received	-	-
Payments to acquire intangible assets	(3,649)	(344)
Loans made to third party	-	(728)
Net cash outflow from investing activities	**(3,649)**	**(1,072)**
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	1,929	2,605
Cost of issue of ordinary shares	-	(110)
Net cash inflow from financing activities	**1,929**	**2,495**
Net (decrease)/increase in cash and cash equivalents	(1,980)	1,086
Cash and cash equivalents at beginning of year	**2,092**	**1,007**
Foreign exchange differences on translation	-	(1)
Cash and cash equivalents at end of year	**112**	**2,092**

The above Cash Flow should be read in conjunction with the accompanying notes.

Company Statement of Cash Flows for the year ended 30 June 2012

	2012	2011
	£000's	**£000's**
Cash outflow from operating activities		
Operating loss	(917)	(762)
Adjustments for:		
Share-based payments	69	205
(Increase)/decrease in receivables	(425)	155
Increase in payables	1,014	63
Cash used in operating activities	(259)	(339)
Income tax refund	-	-
Net cash outflow from operating activities	**(259)**	(339)
Cash flows from investing activities		
Interest received	-	-
Payments to acquire intangible assets	(3,649)	(344)
Loan repayment from subsidiaries	-	50
Loans made to third party	-	(728)
Net cash outflow from investing activities	**(3,649)**	**(1,022)**
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	1,929	2,605
Cost of issue of ordinary shares	-	(110)
Net cash inflow from financing activities	**1,929**	**2,495**
Net (decrease)/increase in cash and cash equivalents	**(1,979)**	**1,134**
Cash and cash equivalents at beginning of year	**2,091**	**957**
Cash and cash equivalents at end of year	**112**	**2,091**

The above Cash Flow should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2012

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	Warrant reserve £000's	Foreign exchange £000's	Accumulated losses £000's	Total £000's
GROUP								
Balance at 30 June 2010	**208**	**1,831**	**8,780**	**501**	**33**	**145**	**(5,944)**	**5,554**
Currency translation differences	-	-	-	-	-	(2)	-	(2)
Loss for the period	-	-	-	-	-	-	(859)	(859)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(859)**	**(861)**
Share capital issued	25	-	2,580	-	-	-	-	2,605
Cost of share issue	-	-	(110)	-	-	-	-	(110)
Share-based payment charge	-	-	-	205	-	-	-	205
Share options exercised and expired	-	-	-	(268)	-	-	268	-
Total contributions by and distributions to owners of the Company	25	-	2,470	(63)	-	-	268	2,700
Balance at 30 June 2011	**233**	**1,831**	**11,250**	**438**	**33**	**143**	**(6,535)**	**7,393**
Loss for the period	-	-	-	-	-	-	(1,018)	(1,018)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(1,018)**	**(1,018)**
Share capital issued	36	-	1,993	-	-	-	-	2,029
Cost of share issue	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	69	-	-	-	69
Total contributions by and distributions to owners of the Company	36	-	1,993	69	-	-	-	2,098
Balance at 30 June 2012	**269**	**1,831**	**13,243**	**507**	**33**	**143**	**(7,553)**	**8,473**

Statement of Changes in Equity for the year ended 30 June 2012

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	Warrant reserve £000's	Accumulated losses £000's	Total equity £000's
COMPANY							
Balance at 30 June 2010	**208**	**1,831**	**8,780**	**501**	**33**	**(5,799)**	**5,554**
Loss for the period	-	-	-	-	-	(862)	(862)
Total comprehensive income	-	-	-	-	-	(862)	(862)
Share issue	25	-	2,580	-	-	-	2,605
Cost of share issue	-	-	(110)	-	-	-	(110)
Share-based payment charge	-	-	-	205	-	-	205
Share options exercised and expired	-	-	-	(268)	-	268	-
Total contributions by and distributions to owners of the Company	25	-	2,470	(63)	-	268	2,700
Balance at 30 June 2011	**233**	**1,831**	**11,250**	**438**	**33**	**(6,393)**	**7,392**
Loss for the period	-	-	-	-	-	(1,017)	(1,017)
Total comprehensive income	-	-	-	-	-	**(1,017)**	**(1,017)**
Share issue	36	-	1,993	-	-	-	2,029
Cost of share issue	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	69	-	-	69
Total contributions by and distributions to owners of the Company	36	-	1,993	69	-	-	2,098
Balance at 30 June 2012	**269**	**1,831**	**13,243**	**507**	**33**	**(7,410)**	**8,473**

Notes to the financial statements for the year ended 30 June 2012

1 Summary of significant accounting policies

General information and authorisation of financial statements

Solo Oil Plc is a public limited Company incorporated in England & Wales. The address of its registered office is Suite 3B, Princes House, 38 Jermyn Street, London SW1Y 6DN. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The Group financial statements of Solo Oil plc for the year ended 30 June 2012 were authorised for issue by the Board on 19 November 2012 and the balance sheets signed on the Board's behalf by Mr. Neil Ritson and Mr David Lenigas.

Statement of compliance with IFRS

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Group and Company are set out below.

New standards and interpretations not applied

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	**Effective date** (accounting periods commencing on or after)
IAS 12 Income Taxes – Limited scope amendment (recovery of underlying assets) (December 2010)	1 January 2012
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in May 2011)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in May 2011)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (October 2010)	1 July 2011
IFRS 9 Financial Instruments - Classification and Measurement	1 January 2013
IFRS 10 Consolidated Financial Statements*	1 January 2013
IFRS 11 Joint Arrangements*	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13 Fair Value Measurement*	1 January 2013

* Original issue May 2011

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business combinations and goodwill

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

1 Summary of significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.
Revenue derived from the license royalties are recognised on notification of payment by the licensee. Revenue derived from the sale of manufactured products and recognised when delivered to the customer in accordance with the specific supply contract terms.
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.
On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Externally acquired intangible assets
Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions
Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade and other payables are non interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.
Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received. Equity-settled share-based payments are measured at fair value at the date of grant except if the value of the service can be reliably established. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of shares that will eventually vest.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows - actual outcomes may vary. If the carrying amount exceeds the recoverable amount then impairment is made.

Useful lives of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

Share-based payments

The Group utilised an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using Black-Scholes valuation method as at the date of grant. The assumptions used in the valuation are described in note 12 and include, among others, the expected volatility, expected life of the options and number of options expected to vest.

Determination of fair values of intangible assets acquired in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that would have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of such matters is different than the amounts recorded, the differences will impact income tax expense in the period in which such determination is made.

Deferred taxation

Deferred tax assets are recognised when it is judged more likely than not that they will be recovered.

Going Concern

The financial report for the year ended 30 June 2012 has been prepared on a going concern basis.

2 Turnover and segmental analysis

Segment information is presented in respect of the Group's management and internal reporting structure. As the Group is currently not producing or exploring directly, there is no revenue being generated, and the main business segment is that of a corporate administrative entity.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating and Geographical segments
The Group comprises the following operating segments:
Corporate – Parent company administrative costs, and investments, in United Kingdom.
Exploration & development – costs in relation to the group's investment in mining operations.

2012	**Corporate**	**Exploration &**	**Total**
Business segments		**development**	
Revenue	**£000's**	**£000's**	**£000's**
External sales	-	-	-
Total revenue	-	-	-
Result			
Segment result	(918)	-	(918)
Finance costs			(100)
Impairment charge			-
Loss before tax			(1,018)
Income tax expense			-
Loss for the period			(1,018)
Other segment items included in the income statement are as follows:			
Depreciation			-
Amortisation			-
Impairment charge	-	-	-
Balance sheet			
Segment assets	982	8,661	9,643
Segment liabilities	(1,170)	-	(1,170)
Net assets	(188)	8,661	8,473

	United	**Rest of the**	**Total**
Geographical segments	**Kingdom**	**World**	
Revenue	**£000's**	**£000's**	**£000's**
External sales	-	-	-
Total revenue	-	-	-
Result			
Segment result	(918)	-	(918)
Finance costs	-	-	(100)
Impairment charge	-	-	-
Loss before tax			(1,018)
Income tax expense			-
Loss for the period			(1,018)
Balance sheet			
Segment assets	982	8,661	9,643
Segment liabilities	(1,170)	-	(1,170)
Net assets	(188)	8,661	8,473

2 Turnover and segmental analysis (continued)

2011 **Business segments**	**Corporate**	**Exploration & development**	**Total**
Revenue	**£000's**	**£000's**	**£000's**
External sales	-	-	-
Total revenue	-	-	-
Result			
Segment result	(760)	-	(760)
Finance income			-
Impairment charge			(99)
Loss before tax			(859)
Income tax expense			-
Loss for the period			(859)
Other segment items included in the income statement are as follows:			
Depreciation			-
Amortisation			-
Impairment charge	(99)	-	(99)
Balance sheet			
Segment assets	2,537	5,012	7,549
Segment liabilities	(156)	-	(156)
Net assets	2,381	5,012	7,393

Geographical segments	**United Kingdom**	**Rest of the World**	**Total**
Revenue	**£000's**	**£000's**	**£000's**
External sales	-	-	-
Total revenue	-	-	-
Result			
Segment result	(760)	-	(760)
Finance income			-
Impairment charge			(99)
Loss before tax			(859)
Income tax expense			-
Loss for the period			(859)
Balance sheet			
Segment assets	2,537	5,012	7,549
Segment liabilities	(156)	-	(156)
Net assets	2,381	5,012	7,393

		2012 £000's	2011 £000's
3	**Group operating loss**		
	Loss from operations has been arrived at after charging:		
	Directors fees	167	252
	Salaries and wages	64	39
	Audit fees	15	13
	Share-based payments	69	205
	Amounts payable to auditors and their associates in respect of both audit and non-audit services:		
	Audit services - group statutory audit – Chapman Davis LLP	15	13
		15	13

4 Employee information and directors emoluments

	2012 £000's	2011 £000's
Staff information		
The average number of employees (excluding executive directors) was :	1	1
Their aggregate remuneration comprised :	**£000's**	**£000's**
Wages and salaries	64	39
Total	**64**	**39**
Directors' remuneration		
Total	**236**	**252**

2012	Salary and fees £000's	Share-based payments £000's	Total £000's
Neil Ritson	65	31	96
David Lenigas	60	31	91
Sandy Barblett	24	7	31
Kiran Morzaria (*)	18	-	18
	167	**69**	**236**

2011	Salary and fees £000's	Share-based payments £000's	Total £000's
David Lenigas	60	-	60
Neil Ritson	41	103	144
Sandy Barblett	24	-	24
Kiran Morzaria	24	-	24
	149	**103**	**252**

(*) Resigned as a director on 26 March 2012.

		2012	2011
5	**Taxation**	**£000's**	**£000's**
	Current tax expense		
	UK corporation tax and income tax of overseas operations on profits for the period	-	-
	Total income tax expense	-	-
	The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:		
	Loss for the period	(1,018)	(859)
	Standard rate of corporation tax in the UK	24/26%	26/28%
	Loss on ordinary activities multiplied by the standard rate of corporation tax	(260)	(236)
	Expenses not deductible for tax purposes	17	84
	Future income tax benefit not brought to account	243	152
	Current tax charge for period	-	-

No deferred tax asset has been recognised because there is uncertainty of the timing of suitable future profits against which they can be recovered.

		2012	2011
6	**Finance costs**	**£000's**	**£000's**
	Equity Line Facility commitment fee (Note 16)	100	-

7	**Loss per share**	**2012**	**2011**
	The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the year:		
	Net loss after taxation (£000's)	**(1,018)**	**(859)**
	Number of shares		
	Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	**2,435.3**	**2,156.3**
	Basic and diluted loss per share (expressed in pence)	**(0.04)**	**(0.04)**

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

8 Intangible assets

Group	**Intellectual property £000's**	**Deferred exploration expenditure £000's**	**Total £000's**
Cost			
As at 1 July 2010	5,022	3,412	8,434
Additions	-	344	344
Disposals	(5,022)	-	(5,022)
As at 30 June 2011	-	3,756	3,756
Additions	-	4,905	4,905
Disposal	-	-	-
As at 30 June 2012	**-**	**8,661**	**8,661**
Accumulated amortisation and impairment			
As at 1 July 2010	4.922	-	4.922
Impairment charge	99	-	99
Disposal	(5,021)	-	(5,021)
As at 30 June 2011	-	-	-
Impairment charge	-	-	-
Balance at 30 June 2012	**-**	**-**	**-**
Net book value			
As at 30 June 2012	**-**	8,661	8,661
As at 30 June 2011	**-**	**3,756**	**3,756**

8 **Intangible assets (continued)**

Company	**Deferred exploration expenditure £000's**	**Total £000's**
Cost		
As at 1 July 2010	3,412	3,412
Additions	344	344
As at 30 June 2011	**3,756**	**3,756**
Additions	4,905	4,905
As at 30 June 2012	**8,661**	**8,661**
Accumulated amortisation and impairment		
As at 1 July 2010	-	-
Impairment charge	-	-
As at 30 June 2011	-	-
Impairment charge	-	-
Balance at 30 June 2012	-	-
Net book value		
As at 30 June 2012	**8,661**	**8,661**
As at 30 June 2011	**3,756**	**3,756**

Impairment Review
At 30 June 2012, the directors have carried out an impairment review and have considered that no impairment write-down is required (2011: £99,000). The directors are of the opinion that the carrying value is now stated at fair value.

9 **Trade and other receivables**

	2012		**2011**	
Current trade and other receivables	**Group £000's**	**Company £000's**	**Group £000's**	**Company £000's**
Trade debtors	-	-	-	-
Prepayments	29	29	5	5
Other debtors	841	841	440	440
	870	**870**	**445**	**445**
Non - current trade and other receivables				
Loan - other	-	-	1,256	1,256
	-	**-**	**1,256**	**1,256**

On 18 July 2011, the Company converted its loan to Reef Resources Ltd ("Reef") as part of its acquisition from Reef of a direct working interest in the Ausable Field and surrounding properties in South Western Ontario.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

10 **Trade and other payables**

	2012		**2011**	
Current trade and other payables	**Group £000's**	**Group £000's**	**Group £000's**	**Company £000's**
Trade payables	852	852	89	89
Other creditors	258	258	-	-
Accruals	60	60	67	67
	1,170	**1,170**	**156**	**156**

The directors consider that the carrying amount of trade payables approximates to their fair value.

11 Share capital

	Number of shares	Nominal value £000's
a) Called up, allotted, issued and fully paid:		
As at 30 June 2010	2,080,324,634	208
20 April 2011 for cash at 1.4p per share	150,000,000	15
22 April 2011 - exercise of options at 0.5p	30,500,000	3
4 May 2011 – exercise of options at 0.5p	70,500,000	7
As at 30 June 2011	2,331,324,634	233
13 Dec 2011 – ELF commitment fee at 0.72p	13,799,990	1
6 Jan 2012 – ELF for cash at 0.69p	59,322,034	6
1 Feb 2012 – ELF for cash at 0.65p	115,384,615	7
28 Feb 2012 – ELF for cash at 0.65p	38,461,538	4
18 May 2012 – ELF for cash at 0.464p	32,301,887	3
22 June 2012 – ELF for cash at 0.424p	30,288,648	3
29 June 2012 – ELF for cash at 0.45p	66,666,667	7
As at 30 June 2012	**2,687,550,023**	**269**

During the year 356 million shares were issued (2011: 251 million)

	Number of shares	Nominal value £000's
b) Deferred shares		
Deferred shares of 0.69 pence each (2011: 265,324,634)	**265,324,634**	**1,831**

Total share options in issue

During the year, 28 million options were granted (2011: 80 million).

As at 30 June 2012 the options in issue were:

Exercise Price	Expiry Date	Options in Issue 30 June 2012
1.54p	30 April 2018	7,000,000
0.5p	21 December 2012	224,000,000
0.5p	31 December 2015	28,000,000
		259,000,000

No options were exercised during the year (2011: 101 million).
No options lapsed during the year (2011: 734,489).
No options were cancelled during the year (2011: nil)

Total warrants in issue

During the period, no warrants were issued (2011: nil).

As at 30 June 2012 the warrants in issue were;

Exercise Price	Expiry Date	Warrants in Issue 30 June 2012
1.5p	14 August 2013	18,550,000
		18,550,000

No warrants lapsed or were cancelled or exercised during the year (2011: nil).

12 Share based payment

During the year the Company issued options and warrants to investors as part of equity placements.

	2012		2011	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	0.6	249,550,000	0.97	271,284,489
Granted during the year - warrants	-	-	-	--
Granted during the year - options	0.5	28,000,000	0.5	80,000,000
Forfeited during the year	-	-	-	-
Cancelled during the year - options	-	-	-	-
Exercised during the year	-	-	0.5	(101,000,000)
Lapsed during the year	-	-	21.0	(734,489)
Outstanding at the end of the year (options and warrants)	**0.6**	**277,550,000**	**0.60**	**249,550,000**

The exercise price of options and warrants outstanding at the end of the period ranged between 1.54p and 0.50p and their weighted average contractual life was 3.3 years (2011: 3.4 years).

The weighted average fair value of each option granted during the year was 0.5p (2011: options 0.5p).

The Group used the Black-Scholes model to determine the value of the options and the inputs were as follows:

	Issue 20/06/2012
Share price at grant (pence)	0.43
Fair Value price at grant (pence)	0.25
Expected volatility (%)	85.5%
Expected life (years)	3.5 years
Risk free rate (%)	4.0%
Expected dividends (pence)	nil

Expected volatility was determined by using the volatility rate used by listed companies in similar industries and those companies with similar sizes.

The total share-based payment expense in the period for the Group was £69,000 expense (2011: £205,000 expense) consisting of:

- £69,000 expense to the income statement (2011: £205,000 expense) , and a charge of £nil to the share premium reserve (2011: £nil charge) relating to new options to employees and directors, and consultants.
  £nil credit (2011: £268,000 credit) relating to exercise and expiration of previously issued share options, taken directly to retained earnings.

13 Investment in subsidiaries

	2012	**2011**
	£000's	**£000's**
As at 1 July	-	100
Additions	-	-
Write-down of investment	-	(99)
Disposal	**-**	**(1)**
At 30 June	-	-

The subsidiaries of Solo Oil Plc, all of which have been included in these consolidated financial statements, are as follows:

Name	**Country of incorporation**	**Proportion of ownership interest**
Immersion Technologies Australia Pty Limited (1)	Australia	100%
Solo Oil International Limited	UK	100%

(1) Subsidiary was de-registered on 13 October 2011.

14 Impairment review

See note 8, the directors have reviewed the Group's assets during the year ended 30 June 2012 and view the Group's assets to be stated at fair value. For the year ended 30 June 2011, there was an impairment charge of £99,000 against the disposed intellectual property asset.

15 Financial instruments

The Group is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk

Policy for managing these risks is set by the Board. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

Currently the Group does not have external borrowings. However, the Group has a policy of holding debt at a floating rate. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. Operations are not permitted to borrow long-term from external sources locally.

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. The Group's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. Only in exceptional circumstances will the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in volatility in consolidated net assets warrants the cash flow risk created from such hedging techniques.

Liquidity risk

The liquidity risk of each Group entity is managed centrally by the Group treasury function. Each operation has a facility with Group treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Group finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the Group's forecast cash requirements.

Credit risk

The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Group does not enter into complex derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

16 Equity Line Facility ("ELF")

The Company secured a Equity Line Facility ("ELF") on 10 November 2011 with Dutchess Opportunity Cayman Fund Ltd ("Dutchess"), which allowed the Company to draw down up to £10million over a 3 year period. The funding was available to drawdown at any time in tranches, by way of subscription for new ordinary shares in the Company, priced at a 5 per cent discount to market price, based on the average daily price for the three days prior to the drawdown request.

The Company incurred a £100,000 commitment fee on securing the facility, which was settled by the issue of 13.8million ordinary shares in the Company.

During the period to 30 June 2012, the Company made 6 drawdown requests totalling £1,928,333, settled by the issue of 342,425,389 ordinary shares in the Company.

As detailed in Note 21, a further drawdown of £363,000 was made, with the issue of 90,844,685 ordinary shares, before the termination of the facility under mutual agreement between the parties on 18 October 2012.

17 Group Related party transactions

Transactions between the parent and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Details of director's remuneration, being the only key personnel, are given in note 4. There are no other related party transactions during the year.

Remuneration of Key Management Personnel

The remuneration of the directors, and other key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	2012	2011
	£'000s	£'000s
Short-term employee benefits	231	178
Share-based payments	69	205
	300	**383**

18 Ultimate controlling party

In the opinion of the directors there is no controlling party.

19 Retirement benefit scheme

The Group does not operate either a defined contribution or defined benefit retirement scheme.

20 Commitments

As at 30 June 2012, the Group has no material commitments.

21 Post balance sheet event

On 26 July 2012, the Company announced it had raised £363,000 by way of issue of 90,844,685 shares at 0.4p each.

On 8 August 2012, the Company announced it had raised £1,500,000 by way of issue of 500,000,000 shares at 0.3p each.

On 18 October 2012, the Company announced it had terminated its ELF by mutual agreement.

22 Profit and loss account of the parent company

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in these accounts. The parent company loss for the year was £1.02 million (2011: £0.9 million loss).

Corporate Information

DIRECTORS	David Lenigas – Executive Chairman Neil Ritson – Chief Executive Officer Sandy Barblett – Non Executive Director
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